

Age-based diversified portfolios

Diversified portfolios

Single fund and stable principal portfolios

# NextGen 529<sup>®</sup> Client Direct Series Investment Guide



# NextGen 529<sup>®</sup> Client Direct Series Investment Guide

NextGen 529<sup>®</sup> is a Section 529 plan that offers you a tax-advantaged way to invest for a child’s qualified higher-education expenses.<sup>1</sup> The NextGen 529 Client Direct Series gives you the ability to customize your investments among a broad array of portfolio options. This Investment Guide can help you better understand the types of portfolios available.

The NextGen 529 Client Direct Series Portfolios are managed by BlackRock, with the exception of the NextGen Savings and Principal Plus Portfolios.

### Age-based diversified portfolios page 3

**When to consider:** If you don’t want to actively manage your investments.

- These portfolios offer an investment strategy based on your child’s age and when you’ll need the assets to pay for his or her education.
- When your child is younger, the funds are invested most aggressively, and as your child gets closer to college age, the strategy automatically shifts to invest in more conservative investments.

### Diversified portfolios page 6

**When to consider:** If you’d like to build a strategy aligned to your specific investment needs.

- These portfolios have a specific investment objective, such as growth or income, and their allocation does not automatically change over time.

### Single Fund portfolios page 7

**When to consider:** If you want to customize your asset allocation with the selected investment portfolios.

- These portfolios invest in one underlying investment, allowing you to customize your allocations based on the range of underlying investments.

### Stable principal portfolios page 7

**When to consider:** If you have a lower risk tolerance or are nearing the time you need to pay for qualified higher-education expenses.

- These portfolios seek to retain your principal.

**Available portfolio options:** Principal Plus and NextGen Savings.

**\*There can be no assurance that the strategy of any portfolio will be successful.**

Asset allocation or diversification do not ensure a profit or protect against loss in declining markets.

**Please remember there’s always the potential of losing money when you invest in securities.**

The portfolio target allocations listed in this brochure are current as of September 13, 2021, and are subject to change.

Are Not FDIC Insured

Are Not Bank Guaranteed

May Lose Value



# BlackRock Age-based portfolios



## BlackRock Age-based 0-1 Year Portfolio

- 48% Domestic equity
- 33% International equity
- 9% Alternative investment
- 7.75% Investment grade fixed income
- 2.25% Non-investment grade fixed income



## BlackRock Age-based 2-4 Years Portfolio

- 41.5% Domestic equity
- 30.5% International equity
- 8% Alternative investment
- 14.75% Investment grade fixed income
- 5.25% Non-investment grade fixed income



## BlackRock Age-based 5-7 Years Portfolio

- 34.75% Domestic equity
- 28.25% International equity
- 7% Alternative investment
- 21.5% Investment grade fixed income
- 8.5% Non-investment grade fixed income



## BlackRock Age-based 8-11 Years Portfolio

- 29% Domestic equity
- 25% International equity
- 6% Alternative investment
- 31% Investment grade fixed income
- 9% Non-investment grade fixed income



## BlackRock Age-based 12-13 Years Portfolio

- 23.25% Domestic equity
- 21.75% International equity
- 5% Alternative investment
- 39% Investment grade fixed income
- 11% Non-investment grade fixed income



## BlackRock Age-based 14-15 Years Portfolio

- 20.25% Domestic equity
- 15.75% International equity
- 4% Alternative investment
- 43.5% Investment grade fixed income
- 11% Non-investment grade fixed income
- 5.5% Cash allocation account



## BlackRock Age-based 16 Years Portfolio

- 16.5% Domestic equity
- 10.5% International equity
- 3% Alternative investment
- 50.75% Investment grade fixed income
- 12.25% Non-investment grade fixed income
- 7% Cash allocation account



## BlackRock Age-based 17 Years Portfolio

- 12% Domestic equity
- 6.25% International equity
- 1.75% Alternative investment
- 50% Investment grade fixed income
- 7.75% Non-investment grade fixed income
- 22.25% Cash allocation account



## BlackRock Age-based 18 Years Portfolio

- 6% Domestic equity
- 3% International equity
- 1% Alternative investment
- 48.75% Investment grade fixed income
- 2.5% Non-investment grade fixed income
- 38.75% Cash allocation account



## BlackRock Age-based 19+ Years Portfolio

- 47.25% Investment grade fixed income
- 52.75% Cash allocation account



# iShares® Age-based portfolios



## iShares Age-based 0-1 Year Portfolio

- 47.91% Domestic equity
- 33.09% International equity
- 9% Alternative investment
- 10% Investment grade fixed income



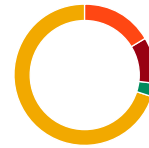
## iShares Age-based 14-15 Years Portfolio

- 20.44% Domestic equity
- 15.57% International equity
- 4% Alternative investment
- 59.99% Investment grade fixed income



## iShares Age-based 2-4 Years Portfolio

- 41.58% Domestic equity
- 30.42% International equity
- 8% Alternative investment
- 20% Investment grade fixed income



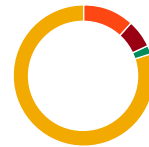
## iShares Age-based 16 Years Portfolio

- 16.6% Domestic equity
- 10.4% International equity
- 3% Alternative investment
- 70% Investment grade fixed income



## iShares Age-based 5-7 Years Portfolio

- 34.73% Domestic equity
- 28.27% International equity
- 7% Alternative investment
- 30% Investment grade fixed income



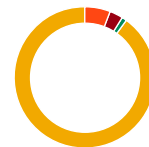
## iShares Age-based 17 Years Portfolio

- 11.9% Domestic equity
- 6.37% International equity
- 1.74% Alternative investment
- 79.99% Investment grade fixed income



## iShares Age-based 8-11 Years Portfolio

- 29% Domestic equity
- 25% International equity
- 6% Alternative investment
- 40% Investment grade fixed income



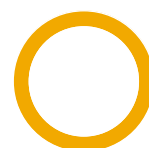
## iShares Age-based 18 Years Portfolio

- 5.85% Domestic equity
- 3.25% International equity
- 0.9% Alternative investment
- 90% Investment grade fixed income



## iShares Age-based 12-13 Years Portfolio

- 23.38% Domestic equity
- 21.62% International equity
- 5% Alternative investment
- 50% Investment grade fixed income



## iShares Age-based 19+ Years Portfolio

- 100% Investment grade fixed income

Asset allocation or diversification do not ensure a profit or protect against loss in declining markets.



# Client direct series – Age-based portfolio fees and expenses

BlackRock and iShares® portfolios**	Portfolios incur the following annual asset-based fees <sup>2</sup>			
	Estimated underlying fund expenses <sup>3</sup>	Management fee <sup>4</sup>	Maine administration fee	Total annual asset-based fees <sup>5</sup>
BlackRock Age-based 0-1 Year Portfolio	0.47%	—	—	0.47%
BlackRock Age-based 2-4 Years Portfolio	0.48%	—	—	0.48%
BlackRock Age-based 5-7 Years Portfolio	0.48%	—	—	0.48%
BlackRock Age-based 8-11 Years Portfolio	0.48%	—	—	0.48%
BlackRock Age-based 12-13 Years Portfolio	0.49%	—	—	0.49%
BlackRock Age-based 14-15 Years Portfolio	0.48%	—	—	0.48%
BlackRock Age-based 16 Years Portfolio	0.48%	—	—	0.48%
BlackRock Age-based 17 Years Portfolio	0.44%	—	—	0.44%
BlackRock Age-based 18 Years Portfolio	0.39%	—	—	0.39%
BlackRock Age-based 19+ Years Portfolio	0.36%	—	—	0.36%
iShares Age-based 0-1 Year Portfolio	0.08%	0.12%	—	0.20%
iShares Age-based 2-4 Years Portfolio	0.08%	0.12%	—	0.20%
iShares Age-based 5-7 Years Portfolio	0.08%	0.12%	—	0.20%
iShares Age-based 8-11 Years Portfolio	0.08%	0.12%	—	0.20%
iShares Age-based 12-13 Years Portfolio	0.08%	0.12%	—	0.20%
iShares Age-based 14-15 Years Portfolio	0.09%	0.12%	—	0.21%
iShares Age-based 16 Years Portfolio	0.08%	0.12%	—	0.20%
iShares Age-based 17 Years Portfolio	0.10%	0.12%	—	0.22%
iShares Age-based 18 Years Portfolio	0.13%	0.12%	—	0.25%
iShares Age-based 19+ Years Portfolio	0.15%	0.12%	—	0.27%

\*\* The iShares Portfolios are managed by BlackRock.



# BlackRock diversified portfolios



## BlackRock 100% Equity Portfolio

- 51.25% Domestic equity
- 38.75% International equity
- 10% Alternative investment



## BlackRock Fixed Income Portfolio

- 51.75% Investment grade fixed income
- 29% Non-investment grade fixed income
- 19.25% Cash allocation account



## BlackRock Balanced Portfolio

- 23.25% Domestic equity
- 21.75% International equity
- 5% Alternative investment
- 37.25% Investment grade fixed income
- 12.75% Non-investment grade fixed income

# iShares diversified portfolios



## iShares Diversified Equity Portfolio

- 51.04% Domestic equity
- 38.96% International equity
- 10% Alternative investment



## iShares Diversified Fixed Income Portfolio

- 80% Investment grade fixed income
- 20% Non-investment grade fixed income

Asset allocation or diversification do not ensure a profit or protect against loss in declining markets.



# BlackRock and iShares single-fund portfolios

## **BlackRock Equity Index Portfolio**

Domestic Equity (100%)

## **iShares Balanced Portfolio**

Mixed Asset (100%)

## **iShares MSCI USA ESG Select Portfolio**

Domestic Equity (100%)

# Stable principal portfolios

## **Principal Plus Portfolio**

The Principal Plus Portfolio is currently invested in only a guaranteed interest account although it may also invest in corporate fixed income investments and/or similar instruments.

## **NextGen Savings Portfolio**

The NextGen Savings Portfolio is composed exclusively of deposits in an interest-bearing, FDIC-insured bank account.



## Client direct series – Fees and expenses

	Portfolios incur the following annual asset-based fees <sup>2</sup>			
Diversified portfolios	Estimated underlying fund expenses <sup>3</sup>	Management fee <sup>4</sup>	Maine administration fee	Total annual asset-based fees <sup>5</sup>
BlackRock 100% Equity Portfolio	0.47%	—	—	0.47%
BlackRock Balanced Portfolio	0.48%	—	—	0.48%
BlackRock Fixed Income Portfolio	0.48%	—	—	0.48%
iShares Diversified Equity Portfolio	0.08%	0.12%	—	0.20%
iShares Diversified Fixed Income Portfolio	0.18%	0.12%	—	0.30%
<b>Single-fund portfolios</b>				
BlackRock Equity Index Portfolio	0.10%	0.07%	—	0.17%
iShares Balanced Portfolio	0.25%	0.12%	—	0.37%
iShares MSCI USA ESG Select Portfolio	0.25%	0.12%	—	0.37%
<b>Stable principal portfolio</b>				
Principal Plus Portfolio	N/A <sup>6</sup>	0.20%	—	0.20%

The fees and expenses on this page do not include fees and expenses for the Client Direct Series Age-based Diversified Portfolios.



## Questions?

Visit [merrilledge.com/college-savings](http://merrilledge.com/college-savings) for tools and more information.

Call 877.4.NEXTGEN (877.463.9843)



Program Administrator

**NextGen 529 is a Section 529 plan administered by the Finance Authority of Maine (FAME). You may obtain the NextGen 529 Program Description by requesting a copy from your financial professional, visiting [NextGenforME.com](http://NextGenforME.com) or calling the program manager at 1-833-336-4529. The Program Description should be read carefully before investing.**

**The Program Description contains more complete information, including investment objectives, charges, expenses and risks of investing in NextGen 529, which you should carefully consider before investing. If you are not a Maine resident, you also should consider whether your or your designated beneficiary's home state offers any state tax or other state benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in such state's 529 plan. NextGen 529 accounts are not bank deposits and are not insured by the Federal Deposit Insurance Corporation (FDIC). Returns on investments in NextGen 529 accounts are not guaranteed or insured by the State of Maine, FAME or any NextGen 529 service providers. NextGen 529 participants assume all investment risk of an investment in NextGen 529, including the potential loss of principal and liability for tax penalties that are assessable in connection with certain types of withdrawals of amounts invested in NextGen 529.**

**Sunday Administration, LLC is the program manager, its affiliate The Bank of New York Mellon is the program custodian, BlackRock Advisors, LLC is the program investment manager, and BlackRock Investments, LLC is the program distributor and underwriter.**

**1** To be eligible for favorable tax treatment afforded to the earnings portion of a withdrawal from a section 529 account, such withdrawal must be used for "qualified higher education expenses," as defined in the Internal Revenue Code. The earnings portion of a withdrawal that is not used for such expenses is subject to federal income tax and may be subject to a 10% additional federal tax, as well as applicable state and local income taxes. The additional tax is waived under certain circumstances. The beneficiary must be attending an eligible educational institution at least half time for room and board to be considered a qualified higher education expense, subject to limitations. Institutions must be eligible to participate in federal student financial aid programs. Some foreign institutions are eligible. You can also take a federal income tax-free distribution from a 529 account of up to \$10,000 per calendar year per beneficiary from all 529 accounts to help pay for tuition at an elementary or secondary public, private or religious school. For distributions taken after December 31, 2018, qualified higher education expenses now include expenses for fees, books, supplies, and equipment required for the participation of a designated beneficiary in an apprenticeship program registered and certified with the Secretary of Labor under the National Apprenticeship Act and amounts paid as principal or interest on any qualified education loans of the designated beneficiary or sibling of the designated beneficiary, up to a lifetime maximum of \$10,000 per individual. Distributions with respect to the loans of a sibling of the designated beneficiary will count toward the lifetime limit of the sibling, not the designated beneficiary. Such repayments may impact student loan interest deductibility. State tax treatment may vary for distributions to pay for tuition in connection with enrollment or attendance at an elementary or secondary public, private or religious school, apprenticeship expenses, and payment of qualified education loans. **2** Expressed as an annual percentage of the average daily net assets of each Portfolio, except the NextGen Savings Portfolio for which there are currently no Annual Asset-Based Fees or other fees or expenses, though the Program Manager and FAME reserve the right to charge fees in the future. **3** For Portfolios that invest in more than one Underlying Fund, the Underlying Fund expenses are based on a weighted average of each Underlying Fund's expense ratio that corresponds to the Portfolio's target asset allocation. Each Portfolio's target asset allocation for Portfolio Investments is effective as of the Program Description date, and each Portfolio's fees and expenses are based on the Underlying Fund's or Funds' most recent prospectus as of June 30, 2021. Underlying Fund fee and expense information may change from time to time. **4** The Management Fee for any Portfolio may be voluntarily reduced at any time on a temporary or permanent basis by the Investment Manager. The Investment Manager may pay a portion of the Management Fee or other compensation to the Program Manager and the Recordkeeping Agent. **5** Annual Asset-Based Fees are subject to change at any time, and are assessed against assets over the course of the year. See "Investment Cost Charts" on page 36 of the Program Description for the approximate cost of investing in the Program's Portfolios over 1-, 3-, 5- and 10-year periods. **6** The Principal Plus Portfolio does not invest in mutual funds or ETFs, and therefore has no Underlying Fund expenses. However, there 0.15% per annum of expenses associated with the New York Life GIA that reduce the interest credited under the GIA.

Important information regarding the NextGen Savings Portfolio. The portion of the underlying deposits in the Bank Deposit Account that is attributable to the Units held by a Participant in the NextGen Savings Portfolio is (a) eligible for FDIC insurance coverage of up to \$250,000 per Participant (calculated on a basis which aggregates that portion of the underlying deposits attributable to the Units held by the Participant in the NextGen Savings Portfolio with all FDIC-insured assets held by the Participant at the Bank) and (b) for purposes of FDIC insurance coverage only, considered to be held in the same ownership capacity as a Participant's other single ownership accounts held at the Bank. However, Units of the NextGen Savings Portfolio are not insured or guaranteed by the FDIC or any other agency of state or federal government, FAME, the Bank or the Program Manager, nor does a Participant have a direct beneficial interest or the rights of an owner in the underlying deposits in the Bank Deposit Account. Participants are responsible for monitoring the aggregated value of the portion of the underlying deposits of the NextGen Savings Portfolio attributable to the Units of such Portfolios held by a Participant plus their other deposits held directly with the bank, for purposes of the \$250,000 FDIC insurance coverage limit. Deposits held in different ownership capacities, as provided in the FDIC rules, are insured separately. UGMA/UTMA Accounts are generally treated as assets of the Designated Beneficiary, and other types of trust Accounts may be treated as assets of the trustee, for purposes of the FDIC limit. Custodians of UGMA/UTMA Accounts and trustees of trust Accounts should consider how these assets will be treated for purposes of the FDIC limit. For more information, please visit [fdic.gov](http://fdic.gov). Capitalized terms used in this paragraph are defined in the NextGen Program Description.

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